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OCT 1 2004

PUBLIC SERVICE
COMMISSION

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September 30, 2004

Mr. J. R. Goff
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2004-00058
Alexander Properties Group, Inc.
Legacy Farm Townhomes Apartment Complex
Informal Conference

Dear J. R.:

Apparently Mr. Alexander and I did not communicate very well. I spoke with him today after I faxed your letter to him and he said he thought we had made an offer of settlement.

Mr. Alexander would like to not be the operator of gas distribution system and plans to convert to either electric or gas and have Columbia Gas of Kentucky or Kentucky Utilities operate the system. He will have to pay Columbia Gas of Kentucky \$50,000.00 for its part of the construction in addition to \$35,000.00 he will have to pay for work inside of the apartment complex.

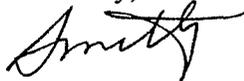
Mr. Alexander would offer to settle for the \$15,000.00 penalty, but such penalty would go toward the \$50,000.00 he would be required to pay Columbia Gas of Kentucky for its part of the construction.

I think this would solve everyone's problems and hopefully this will be acceptable to the Commission.

Please present this offer to the Commission and let me know if this is acceptable.

Thanks for your patients and perhaps we can resolve this case.

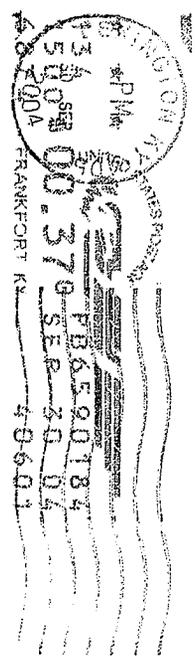
Sincerely,



Richard S. Taylor

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